MINUTES OF THE SPECIAL MEETING OF THE BAROSSA COUNCIL
held on Wednesday 27 June 2018 commencing at 5.00pm in the Council Chambers, 43-51 Tanunda Road, Nuriootpa

1.1 WELCOME
Mayor Sloane declared the meeting open at 5.00pm.

1.2 MEMBERS PRESENT
Mayor Bob Sloane, Crs Michael (Bim) Lange (Deputy Mayor), Mark Grossman, Scotty Milne, Margaret Harris, Leonie Boothby, John Angas, Michael Seager and Richard Miller (5.18pm)

1.3 LEAVE OF ABSENCE
Nil

1.4 APOLOGIES
Cr David de Vries
Cr Tony Hurn
Cr Christopher Harms

MOVED Cr Grossman that the apology received from Cr de Vries, Cr Harms and Cr Hurn be noted.
Seconded Cr Milne
CARRIED 2014-18/1438

2. DEBATE AGENDA

2.1 CHIEF EXECUTIVE OFFICER – DEBATE

2.1.1 APPROVAL TO CONTINUE WORKS IN PROGRESS
B7181 18/41986

Mr Martin McCarthy, Chief Executive Officer tabled an amended attachment for the matter 2.1.1 – Approval to Continue Works in Progress to include Magiq Financial and Reporting Tool Implementation – Carry Over Remaining Budget to Complete Works – Capital $49,340 and Operating $2,000.

MOVED Cr Harris that Council approve the continuation of works identified in the Attachment totalling carryovers for works currently in progress from the 2017/18 capital program to ensure the continuation of works on condition the total budget for the projects is not exceeded and final carry over amounts are completed as part of the first quarter budget review.
Seconded Cr Seager
CARRIED 2014-18/1439

PURPOSE
Once again as with most financial years, there are works continuing from the budgeted 2017/18 program. The report seeks approval to continue those works unimpeded by the end of financial year processes and therefore continue to deliver on the programs immediately rather than await final carryover approval in October.

REPORT

Introduction

There are works still to be completed from the 2017/18 financial year budget that are either underway or well advanced. So that these works can continue approval is being sought to carry over the works identified in the attachment so as to ensure continuity of service and avoid unnecessary delay whilst the final 2017/18 financial year accounts are being settled.

It is proposed that a general approval be provided for the works on the condition that officers do not exceed the funding allocations based on a total of the spending across (now) the 2017/18 and 2018/19 financial year – this will ensure no overspending of the budgets. Budgets will be adjusted accordingly once final 2017/18 figures are available as part of the first quarter budget adjustments process.

There are sufficient funds to support the works.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Continuation of Works in Progress

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Community Plan

Infrastructure

3.1 Develop and implement sound asset management which delivers sustainable services.

Legislative Requirements

Local Government Act 1999, S123

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Carryovers are fully funded from the adopted 17/18 operating and capital budget.

COMMUNITY CONSULTATION

No consultation required - forms part of prior budget settings which have already been consulted upon.

2.1.2 BAROSSA CULTURE HUB – OUTCOME OF COMMUNITY CONSULTATION PROCESS

B8073

Author: Director Community Projects

MOVED Cr Boothby that Council

(1) Receives and notes the report containing the outcome of community consultation on the Draft Master Plan for the Barossa Regional Culture Hub (the Hub) ref: 18/6574.

(2) Endorses the Draft Master Plan (the Plan) for the Hub noting that it may be subject to future amendment and budget considerations as required. In particular (but not limited to), the external façade of the building as represented in the Plan is noted as requiring complete review; parking and internal configuration to be subject to detailed design processes.

(3) Receives and notes the cost estimate report on the Hub Draft Master Plan produced by Rider Levett Bucknall dated 18/24423 for inclusion in the future The Big Project Feasibility Report and grant funding applications.

(4) Business case development to be ongoing as part of The Big Project Feasibility Report and grant funding applications.
(5) Requires Officer to work with the Working Group and Architects to develop detailed design and documentation of the Hub to support current and future grant funding applications.

(6) Requires Officers to provide an update on the outcome of the consultation to people that provided written, formal feedback and where email contact information has been provided.

Seconded Cr Angas

CARRIED 2014-18/1440

PURPOSE
To summarise feedback received from the community following Council’s resolution in April 2018 regarding the draft Barossa Regional Culture Hub master plan (refer Attachment 1) (the Plan) and provide recommendations for action.

REPORT

Background
At its Special Meeting on the 26 April 2018, Council resolved that:

MOVED Cr Lange that Council:

(1) Receives, notes and endorses the draft Barossa Regional Culture Hub Master Plan (the Plan) dated 22 January 2018 Ref: 18/6574 for community consultation, noting that the Master Plan may be subject to future amendment and budget consideration as required.

(2) Endorses the Community Consultation Plan – Barossa Regional Culture Hub Master Plan (Ref: 18/27039) to obtain feedback on the Plan for the period 30 April 2018 to the 21 May 2018 inclusive and requires Officers to bring a further report on the outcomes of the consultation to a future Council Meeting.

(3) Thanks the Barossa Regional Culture Hub Working and Stakeholder Groups for their work on the ongoing development of the draft Plan.

Seconded Cr de Vries

CARRIED 2014-18/1377

The community consultation process ran from the 30 April to the 21 May 2018 inclusive.

The Consultation Plan was presented to Council as part of the Agenda Report on 26 April 2018 and approved at that time. The Consultation Plan is included again for information as Attachment 2. A summary of the consultation activities undertaken is provided as Attachment 3. Specific matters relevant to the consultation process are included in the Community Consultation section at the end of this report.

Introduction
All written submissions received as at the end of 21 May 2018 have been included in full within Attachment 4 with the exception of personal email addresses, which have been removed. In addition, several submissions were received outside of the formal consultation timeframe but have also been included. These are identified in the same attachment.

Where a written response, point of clarification or response to a specific question has been provided by Officers direct to the individual within the consultation period this is also included in full in the comment section alongside the related submission.

Where a response was not provided direct to the person during or subsequent to the consultation process (this may have been due to timing, resources or the submission is a statement of opinion only not raising a particular question) this is noted and an Officer comment made to that effect.

Discussion
A total of 42 written submissions were received including 3 received after the conclusion of the consultation period (all are included in the summary attachment).

A summary of the main themes and formal feedback numbers is as follows:

<table>
<thead>
<tr>
<th>Theme</th>
<th># of comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal / Facility Detailed Design Considerations – issues arising with concept such detail of: increase in exhibition space; air conditioning &amp; climate control; ensuring wet spaces/water supply to studios; new grand piano; storage; green room (location/spec); reception amenities; etc.</td>
<td>18</td>
</tr>
</tbody>
</table>

The Barossa Council Minutes of Special Council Meeting held on Wednesday 27 June 2018
General support or reference to Importance of providing a dedicated / meaningful cultural space (including references to Germanic and Aboriginal heritage) 15
Concerns with external design / visual appearance of concept plan and place making considerations 12
Traffic / Parking considerations 9
Facility not needed / not a priority / cost or not good use of public funds / function of Council 8
Importance of providing appropriate historical archival repository / storage 5
Support for artist studios / workshop spaces 5
Tree removal and use of outside space 5
Concern re appropriate management of existing Council assets (underutilised assets) 4
Consultation Process 4
Concerns with proposed location 3
Operational considerations 3
Support for colocation Triple B radio 2

NB: this does not equate to the total number of submissions as some contributors have raised multiple themes.

In addition, informal/verbal views and comments were expressed and recorded across the 5 public sessions held at: the Heritage Network History Month Forum at Coulthard House (5 May 2018), the Regional Gallery Exhibition opening drop in session (6 May 2018), 2 consultation drop in sessions at Colonist Corner, Williamstown (15 and 19 May 2018 in conjunction with consultation on the Williamstown pump track) and the Mount Pleasant Farmers’ Market (19 May 2018). This informal feedback is summarised in Attachment 5.

Overall feedback numbers:
Total Formal: 42
Total Informal: 79
Overall Total: 121

Comment is provided on the main recurring themes from the feedback received as follows:

**Officer comments:**

1. Internal / Facility Detailed Design Considerations – issues arising with concept such detail of: increase in exhibition space; air conditioning & climate control; ensuring wet spaces/water supply to studios; new grand piano; storage; green room (location/spec); reception amenities; etc.)

   The master plan is intentionally high level to indicate the overall content and approach and will require significant review to address all aspects of the specification and functionality as part of any future detailed design process.

   A working group for detailed design would include representation and reference to stakeholders to inform that process.

2. General support or reference to Importance of providing a dedicated / meaningful cultural space (including references to Germanic and Aboriginal heritage)

   Including:
   - The importance of an arts profile for a tourism region and for local residents.
   - Capacity of the Hill and Son Organ to draw people from around the world
   - Support the Barossa to be known for arts as well as wine and food
   - Build on musical heritage that has been a longstanding feature of regional culture
   - Lack a current, culturally focused facility

   Nothing further to add to comments and the documentation already provided with previous reports regarding the rationale for the approach incorporated in: “Barossa Regional Culture Hub Proposal”. (refer Attachment 6)
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- Sports get the lion’s share of resources, time some money was spent on the arts.
- Culture Hub concept has great value – ensure inclusion of indigenous heritage.
- The Barossa is on the world stage and visitors expect something more from us when they arrive.
- Arts and Culture resources are of high interest.
- Hub will network and enhance what already exists as well as offer new experiences, potentially bringing in more tourism creating an increase in employment for people in our region.
- Potential to add Arts, Culture and Heritage to our wonderful Food and Wine stories.

<table>
<thead>
<tr>
<th>3. Concerns with external design / visual appearance of concept plan and place making considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Including:</td>
</tr>
<tr>
<td>- External architectural design does not complement the vernacular of the buildings in the town centre of Tanunda and does not consider the broader locality.</td>
</tr>
<tr>
<td>- Box like structures bring no architectural merit and not appropriate for prevailing summer and winter weather conditions.</td>
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<tr>
<td>- No sense of an entrance statement.</td>
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<tr>
<td>- Impacting people’s view of the consultation presentation.</td>
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<tr>
<td>- Hard to visualise the plan.</td>
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<tr>
<td>- New additions do not consider the integrity of the current historical building – large flowing spaces required as opposed to little huts.</td>
</tr>
<tr>
<td>- Existing design looks tacky. No attempt to design a building in sympathy with the charming original Tanunda Institute building.</td>
</tr>
<tr>
<td>- No imaginative use of surrounding historic area that could generate a lively cultural precinct for visitors and locals to explore rather than just one building.</td>
</tr>
<tr>
<td>- Consideration of use of old Tanunda Primary School building.</td>
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</tbody>
</table>

The concerns expressed with the current external visual of the building in the draft master plan are noted and accepted.

The focus has been on developing the approach and content of a potential hub model with very limited attention paid to the vernacular of the building. In hindsight this should have either been made clearer in the documentation or the external visual removed to avoid detracting from the merits or otherwise of the concept.

There has been discussion at Stakeholder and Working Group sessions regarding the “place making” opportunities presented by both the nature of such a service/facility as the Culture Hub and its position within the town; the opportunity to develop creative linkages through to and from Murray Street, the “town square” / Visitor Centre & Library, the rotunda and through to the Recreation Park has been acknowledged.

The Tanunda Urban Design Framework will be an important source document for any detailed design process and place making approach albeit that this is not yet funded for implementation.

4. Traffic / Parking considerations
- Access and parking issues for Clubhouse and Kindergarten not considered.
- Basedow Rd is a high traffic zone with blind corners and traffic conflict.
- Impact of associated Hub parking on local businesses.

Will be a further key component of any future detailed design.

Discussions with the Club and Kindergarten have been commenced.

The Tanunda Urban Design Framework of 2013 has previously highlighted that:
- Impact on caravan and bus parking currently using the land adjacent to the gallery.
- Accessible parking an issue
- Current pressure on available parking spaces when events are on at the Gallery and congestion with Clubhouse requirements
- Inadequate parking

“There are opportunities for consolidation of car parking areas to the sides and rears of buildings, which should result in improved efficiency of car parking and easier access. Signage should also be improved to direct people to parking not visible from Murray Street.”

Whilst this was a generic conclusion in relation to the whole main township area it included the Gallery and remains valid for a fresh assessment of the function of parking requirements for a future Culture Hub facility in this location.

Other opportunities present from the potential Chateau Tanunda Development and partnership approach.

Suggested that a detailed parking and traffic movement assessment be included in any detailed design process.

<table>
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<tr>
<th>5. Facility not needed / not a priority / cost or not good use of public funds and resources / function of Council</th>
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<tbody>
<tr>
<td>- Tanunda has so many things already attracting tourists, maybe another town may benefit from having something to draw in more visitors.</td>
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<tr>
<td>- Established visitor destination – not needed.</td>
</tr>
<tr>
<td>- Puts at risk other arts and cultural facilities throughout the Barossa.</td>
</tr>
<tr>
<td>- Not wish to contribute to a levy to subsidise a regional culture hub.</td>
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<tr>
<td>- Would benefit more by a new hospital.</td>
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<tr>
<td>- Visitor Centre provides past, present and cultural information. Can’t see the point of doubling up.</td>
</tr>
<tr>
<td>- No need to relocate Heritage/Historical library services from Nuriootpa.</td>
</tr>
<tr>
<td>- Existing performance space is adequate (including Barossa Arts and Convention Centre)</td>
</tr>
<tr>
<td>- Greater community needs exist.</td>
</tr>
<tr>
<td>- Census of local businesses required</td>
</tr>
<tr>
<td>- Expensive for ratepayers to support. Additional facilities and services more appropriately provided by private sector.</td>
</tr>
<tr>
<td>- Who identifies the hub as a priority?</td>
</tr>
<tr>
<td>- Not needed to support the Barossa Brand.</td>
</tr>
<tr>
<td>- Hub concept is not viable. If it were a green field site would provide better access.</td>
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</tbody>
</table>

Cultural facilities are directly referenced in the Local Government Act and are expected “Functions of Council” with specific strategies set out in Council’s Community Plan.

The Regional Growth Fund Expression of Interest identifies the benefits of both cultural and sports infrastructure investment as a means of attracting and retaining skills and investment into the region. Retention of skilled people and their families is further identified as a means of removing the limits on production in our premium wine and food industry by creating a liveable and attractive environment that will encourage people to stay and raise their families as well as visit and experience as a tourism destination.

The use of Tanunda’s appeal and profile as a significant arrival point into the Barossa has been seen in the development of this approach as a benefit and a means of facilitating visitation to other parts of the region through accessible and high quality information and to signpost the broadest range of other, existing places of interest and experiences and is not intended to duplicate.

Interest in the heritage of the region and the significant archive (housed throughout the region) is demonstrated through the increased expansion and mobilisation of the Regional Heritage Network and its adopted Regional Heritage Strategy. There is limited opportunity to showcase within the restricted existing facilities (again across the region) and to ensure that the archive is preserved to contemporary standards.
The capacity of a hub to generate and activate across a wider region is the central premise of the proposal with documentation to illustrate and demonstrate the model provided in previous Council Reports. Council will need to determine if it is a model that is supported. Appropriate resourcing of operations is a key component and it is acknowledged that the operational modelling to inform the detailed business case is still to be completed*. This is underway but also needs to be informed by a more detailed understanding of the facility requirements that will come out of a detailed design process.

Prioritisation by Council has been based on the assessed potential of the concept to deliver the outcomes of the Regional Growth Fund application criteria ie: job creation; delivery of GDP; regional capacity building.

As previously reported, stakeholders driving the Barossa Brand strategy such as Barossa Grape & Wine Association; RDA Barossa, Gawler, Light & Adelaide Plains; Tourism Barossa and Food Barossa see cultural services development as an authentic and underdeveloped/promoted vehicle and opportunity for the Barossa Brand.

| 6. Importance of providing appropriate historical archival repository / storage. | As per 5 above. |
|   - Lack of affordable, professional art work space/studio in the Barossa where I live – commuting to Adelaide |
|   - See artists at work and importance of artists being able to bounce off each other and be included in something that makes them a part of something. |
|   - Idea of workshops and temporary accommodation for visiting artists is commendable (actual plans questioned) |
|   - Idea for separate spaces for workshops is good |
| 8. Tree removal and use of outside space | The current footprint of the concept plan results in the removal of the pine trees to the east of the existing building / car park. |
|   - Detailed design required to better define the opportunities for external spaces. |
| 9. Concern re appropriate management of existing Council assets (underutilised assets) | In relation to other existing assets that are or may be used for cultural activities the operational modelling will look in more detail at activation through initiatives such as pop ups and temporary program initiatives; mentoring through a range of “residency” skills and capacity building approaches. |
The alternative of a model based around investment in permanent infrastructure of facilities in addition to the regional gallery has not been in scope. All existing assets are subject to periodic condition assessment and maintenance budgeting in the Long Term Financial Plan and with Council’s Asset Sustainability Ratio as a measure. This is currently on the basis of “business as usual” operations and functions rather than major upgrade or renewal.

10. Consultation process
- Lack of public notices
- Lack of public forum
- Waiting for a community meeting to be arranged
- Public notification sadly lacking
- Ratepayers have yet to be meaningfully consulted
- Known deficiencies in consultation process
- Aware of Leader notification of community consultation meetings; ongoing promotion at various locations and electronic media.
- Input from dozens of arts, culture and history organisations

Attachment 3 demonstrates the broad range of consultation activities that have taken place in accordance with the consultation plan adopted by Council in April 2018.

The Working Party came up with the idea of having a panel of interested community members to encourage thinking around the concept of the Hub. It was intended that this would be recorded live at one of the open forum sessions and then used to play back at the other sessions rather than expecting participants to commit to multiple live sessions. The logistics of organising this proved too tricky and so in instead short recordings were made of 4 local community members and put up on Council’s Facebook. These “vignettes” attracted a reach of over 7,000 and 2,300 directs views via social media not taking into account indirect views which are harder to track. This was a new approach but one we think worth repeating for other initiatives.

A Triple B interview could also not be organised during the consultation period, with our normal host and contact on leave for a component of the consultation period. However, the consultation and project were foreshadowed in detail ahead of the last Council report.

Officers do not agree that the consultation process has been lacking within the resources available and based on Council’s adopted Consultation Plan.

11. Concerns with proposed location
- Green field site options
- Use of old Tanunda Primary School
- Use of Coulthard House

Refer to items re parking and traffic management and underutilisation of Council Assets.

1 submission referenced the use of Coulthard House and the Tanunda Primary School Building and therefore, limited reference has been made below:

Re use of Coulthard House. It is understood that the objective of the Coulthard House “repurposing” project is for this to be a business/entrepreneurial hub rather than a purely cultural enterprise. Whilst the 2
facilities are complementary and certainly focused around creative outcomes that align with the hub and spoke approach, it is Officers opinion that they are seeking to achieve distinct outcomes.

Use of former Tanunda Primary School (TPS) site. Officers can provide detailed background to the events resulting in the successive transfer of ownership of the TPS and associated Open Space Building as required.

In summary, the purchase of the land by Council in 2002 was based on detailed community consultation that looked for there to be community access and benefit from the assets but they were not purchased as community land. Both the buildings (OSB since demolished) were identified as having future commercial use but there was no agreement as to the precise nature of the use. An EOI process in 2004 resulted in the OSB being used for childcare services with intent for the future modification of the TPS for out of school/holiday care, this use was quoted at the time as fitting in with the intent for a function that provided community access. The development of TPS by the child care provider did not eventuate. The change in childcare regulations circa 2007/08 and the heritage listing of the TPS made the buildings too costly to modify. The potential loss of 80 to 100 local childcare places in the region resulted in the switch of focus to the Tanunda Senior Citizens site for a purpose built centre by a new provider with the development of part of the TPS site for housing being the developer’s funding mechanism for the child care facility. The TPS site itself was then sold to contribute to the funding for another community service asset – the Rex.

<table>
<thead>
<tr>
<th>12. Logistics / operational considerations</th>
<th>To be addressed through ongoing conversations and involvement in any detailed design development.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Particular reference to Tanunda club House operations and Kindergarten</td>
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</table>

| 13. Support for colocation Triple B radio | All input has been highly supportive with the opportunity for increasing community profile for the station and a community development role welcomed. |

Due to the need to progress the Regional Growth Fund submission a cost estimate based on the draft concept plan has been obtained and is provided as Attachment 7. This sets out the anticipated costs as:

Base building costs $7,395,953  
Contingencies & fees $1,860,047  
Total $9,256,000

**Summary and Conclusion**
There has been a high level of interest and a significant amount of feedback received in relative terms on the proposed Barossa Regional Culture Hub.
There is majority support based on the feedback received for the approach articulated in the supporting documentation that the facility would provide:

- A true hub and spoke model. A central landing position offering a unique range of services that do not duplicate what is already provided elsewhere, but helps to increase exposure to them and knowledge of them as well as working towards an operational model of activating other underutilised spaces and community assets through cultural pursuits.
- A focus around celebrating Barossan cultural heritage in a highly authentic way.
- A focus around celebrating the region’s musical offering that includes both traditional and modern genres and extends out to both broadcasting, production and educational areas.

There is concern regarding:

- The detailed components of the design both internal to the facility, its external, visual appearance and “place making” opportunities. These are acknowledged and more work during any future detailed design process is required. With the benefit of hindsight, the inclusion of the current representation of the façade of the building has been a distraction for many when very little time during the concept phase was able to be allocated to this element. The focus was very much on trying to get the “why” and the approach right.
- Parking and operational functionality. Again acknowledged. If endorsed, the detailed design process will need to have a specialist assessment of the parking and linkages to the proposed future Chateau Tanunda development and take into account the recommendations from the Tanunda Urban Design Framework. Ongoing input and discussions with the Tanunda Club, Kindergarten and adjoining businesses.

Those that are not supportive conclude that:

- The facility is not needed
- The facility is not a priority
- Public funds should not be used for this purpose.

It is the case that the full Business case assessment and operational modelling of the facility is incomplete. This is in part due to the timing of the other prioritised work that Council has determined including the submission of the Regional Growth Fund application. In the case of the Hub and other included facilities, this means that processes are having to be run in parallel rather than sequentially with the time and resources available. However, the concept of a Regional Hub is not a new one and Council has already determined it to be a priority of the funding submission based on the criteria of job creation; potential for Gross Domestic Product growth and regional capacity building. The business case development will continue either as part of the detailed Business Case stage of RGF and the overarching Feasibility Report for The Big Project.

### ATTACHMENTS OR OTHER SUPPORTING REFERENCES

| Attachment 1: | Draft Master Plan – Barossa Regional Culture Hub 18/6574 |
| Attachment 2: | Consultation Plan – Barossa Regional Culture Hub 18/27039 |
| Attachment 3: | Consultation Activity Summary 18/40794 |
| Attachment 4: | Barossa Culture Hub - Summary of verbatim submissions and responses 18/28419 |
| Attachment 5: | Barossa Culture Hub – Informal – 18/42578 |
| Attachment 6: | Barossa Regional Culture Hub Proposal – 18/28435 |
| Attachment 7: | Rider Levitt Bucknall Cost Estimate – 18/24423 |

### COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

**Community Plan**

- Natural Environment and Built Heritage
- Community and Culture
- Infrastructure
- Health and Wellbeing
- Business and Employment

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**The Barossa Council**  
Minutes of Special Council Meeting held on Wednesday 27 June 2018
How We Work – Good Governance

Corporate Plan
1.2 work toward developing township, streetscapes, entrances and open spaces that are attractive, welcoming and maintained to an agreed level of service
2.6 Provide, promote and support community arts and cultural events, programs, attractions and services.
3.1 provide regional and local walking and cycling connections between open spaces.
3.2 ensure Council’s parks, gardens and playgrounds are accessible, relevant and safe and maintained to an agreed level of service.
3.3 Ensure Council’s sporting, recreational and leisure grounds and playing areas and associated programs meet the current need of the community to an agreed level of service.
3.9 Ensure Council facilities and assets are accessible, safe and maintained to an agreed level of service.
3.11 advocate for the allocation of State and Federal funding to maintain and invest in infrastructure within our region.
4.1 Deliver and promote health and wellbeing initiatives in line with the Public Health Plan
6.4 Ensure that decisions regarding expenditure of Council’s budget are based on an assessment of whole of life cost, risks associated with the activity and advice contained within supporting plans.

Legislative Requirements
Local Government Act 1999
- as per Section 3 Objectives of Council – “to encourage local government to provide appropriate services and facilities to meet the present and future needs of local communities.”
- Section 7(b) expected functions of Council.

Development Act 1993

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Financial
The concept Master Plan is the first stage in developing a prioritised, phased and costed feasibility plan for the Barossa Regional Culture Hub as part of The Big Project.

Resource
The project has dedicated Project management resource with input from other officers as required. No current resource comments.

Risk Management
Council undertakes community consultation in accordance with legislative and Public Consultation Policy requirements and within available resources with the objective of obtaining the views of the broader community to support and inform decision making processes. This assists with the management of risks associated with the development of community assets that serve a wide range of different interest groups in the community.

A strategic, corporate risk assessment for The Big Project is relevant to the conceptual planning for each component of that project (Trim Ref: 16/77724). This assessment is updated periodically most recently in work undertaken to submit the Regional Growth Fund Expression of Interest, of which the Barossa Culture Hub forms a part.

COMMUNITY CONSULTATION

Officers implemented the approved Community Consultation Plan – Barossa Regional Culture Hub (Ref: 18/27039 (refer Attachment 2) with the exception of the community panel and Triple B interview as detailed in the Feedback Summary above and with alternative options being provided and a summary of activities is provided as Attachment 3.

2.2  FINANCE - DEBATE

2.2.1
ASSET ACCOUNTING POLICY
18/28383
The Barossa Council  Minutes of Special Council Meeting held on Wednesday 27 June 2018

Author: Manager Financial Services

MOVED Cr Lange that Council, having reviewed the updated schedule presented at the Attachment being clause 4.17 of the Asset Accounting Policy, and noting there are no other changes proposed to be made to the Policy, approve the revised Asset Accounting Policy as presented to the 27 June 2018 Special Council Meeting – ref: 14/27593(3).

Seconded Cr Milne  CARRIED 2014-18/1441

PURPOSE

Council is asked to receive, consider and approve the updated Page 16 of the Asset Accounting Policy (Attachment 1). The current Asset Accounting Policy was approved by Council on 16 June 2015.

REPORT

Background

Section 48(aa1) of the Local Government Act 1999 requires Council to develop and maintain prudential management policies, practices and procedures for the assessment of projects.

Discussion

As part of Council’s regular asset revaluation and condition assessment program, the 2017-18 work included a review of Council’s Transport and Bridge asset Useful Lives. The consultant engaged in that work has revised the Useful Lives, ensuring reasonableness to our expected consumption and industry practice, thus ensuring replacement interval alignment for each asset component with its sub-component. The revised Useful Lives will also need to be checked to Council’s proposed replacement program and Infrastructure Asset Management Plan(s) going forward.

The updated Page 16 of the Policy reflects the review carried out with regard to Useful Lives, Long Life Components and Residual Values for Transport and Bridge assets. A copy of the current Page 16 is provided in Attachment 2 for information. The Useful Life has been removed from “Earth” as Council does not depreciate this asset type. It is acceptable practice that this component does not get replaced, so has been classified as “unlimited” (in line with the Australian Accounting Standards Board interpretation).

The financial impact and results from these changes is still being assessed. Council is required to implement the changes within the 2017-18 financial year, although information is still being received.

Summary and Conclusion

Council is now asked to approve the updated Page 16 of the Asset Accounting Policy.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1: Draft updated Page 16 of the Asset Accounting Policy
Attachment 2: Current Page 16 of the Asset Accounting Policy

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

How We Work – Good Governance

Corporate Plan

6.2 Ensure that Council’s policy and process frameworks are based on principles of sound governance and meet legislative requirements.

6.16 Provide contemporary internal administrative and business support services in accordance with mandated legislative standards and good practice principles.

Legislative Requirements

Local Government Act 1999

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Risk is reduced by the transparency and accountability provisions provided in the Local Government Act 1999 and this Policy.
COMMUNITY CONSULTATION

No community consultation is required for this Policy as the content is mandated by legislation and facilitated according to internal processes.

2.2.2

ANNUAL BUDGET & BUSINESS PLAN 2018/19 INCORPORATING THE LONG TERM FINANCIAL PLAN 2018/19 TO 2027/28

B7181

Author: Manager Financial Services

MOVED Cr Angas that Council, pursuant to Section 123 of the Local Government Act 1999, having previously reviewed the submissions made during the public consultation period and considered those submissions and further amendments to the Annual Business Plan for 2018/19 as presented in this report, used for the purpose of public consultation, adopt the amended draft Annual Business Plan 2018/19. Seconded Cr Harris CARRIED 2014-18/1442

MOVED Cr Boothby that Council, pursuant to Section 122 and 123 of the Local Government Act 1999, having previously reviewed and considered the submissions made during the public consultation period and the further amendments to the Annual Budget and Business Plan as presented in this report:

(1) Adopt the draft Annual Budget 2018/19 used for the purpose of public consultation, and as amended in this report, as The Barossa Council Annual Budget for the 2018/19 financial year;

(2) Adopt the annual review of the draft Long Term Financial Plan 2018/19 to 2027/28, used for the purpose of public consultation, and as amended in this report, as The Barossa Council Long Term Financial Plan for the period from the 2018/19 to 2027/28 financial years;

(3) Notes the Chief Executive Officer’s Council’s Sustainability report on the Council’s long term financial performance and position as recorded in the Annual Budget & Business Plan 2018/19, incorporating the Long Term Financial Plan 2018/19 to 2027/28; and authorises the Chief Executive Officer to make necessary minor changes to the text of the Annual Budget 2018/19, incorporating the Long Term Financial Plan 2018/19 to 2027/28 prior to formal publication;

(4) Adopt the reserve transfers for the items listed in this report. Seconded Cr Milne

Cr Miller entered the meeting at 5.18pm

The motion was put and CARRIED 2014-18/1443

PURPOSE

To adopt the consolidated Annual Budget & Business Plan (AB&BP) 2018/19, incorporating the annual review of the Long Term Financial Plan (LTFP) 2018/19 to 2027/28.

REPORT

Discussion

Operating & Capital Budget adjustments:

Changes made to the AB&BP since the version adopted for Public Consultation at the Special Council meeting on 15 May 2018 are noted in the following table:
<table>
<thead>
<tr>
<th>Area</th>
<th>Details</th>
<th>Budget Amendment Amount $</th>
<th>Op/Cap</th>
<th>Type</th>
<th>LTFP adjust as one-off for 2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rates Income</td>
<td>VG adjustment to rates income and to reflect rates growth of 1%</td>
<td>-58,473</td>
<td>Operating</td>
<td>Income</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Rate Rebates - Discretionary</td>
<td>Adjustment for additional property information</td>
<td>2,229</td>
<td>Operating</td>
<td>Income</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Rate Rebates - Mandatory</td>
<td>Adjustment for additional property information</td>
<td>405</td>
<td>Operating</td>
<td>Income</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Recycling</td>
<td>Recycling income adjustment</td>
<td>-305</td>
<td>Operating</td>
<td>Income</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Recycling</td>
<td>Recycling contractors adjustment</td>
<td>18</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Recycling</td>
<td>Recycling Disposal adjustment</td>
<td>135</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Waste</td>
<td>Waste income adjustment</td>
<td>5,368</td>
<td>Operating</td>
<td>Income</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Waste</td>
<td>Waste collection contractors reduced</td>
<td>970</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Waste</td>
<td>Waste disposal contractors growth 1.77%</td>
<td>-4,390</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Grant income</td>
<td>Reduction in Grants Commission roads (including supplementary payment) funding - adjustment for early payment in 2017-18</td>
<td>355,072</td>
<td>Operating</td>
<td>Income</td>
<td>Yes</td>
</tr>
<tr>
<td>Grant income</td>
<td>Reduction in Grants Commission general purpose funding - adjustment for early payment in 2017-18</td>
<td>319,407</td>
<td>Operating</td>
<td>Income</td>
<td>Yes</td>
</tr>
<tr>
<td>Assets</td>
<td>Loss on disposal of assets/write off of replaced assets</td>
<td>560,598</td>
<td>Disposal Assets</td>
<td>N/A as ongoing years done by increments/asset movements</td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td>Gain on disposal of assets</td>
<td>-488,900</td>
<td>Disposal Assets</td>
<td>N/A as ongoing years done by increments/asset movements</td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>Election Costs</td>
<td>42,509</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Every 4th year</td>
</tr>
<tr>
<td>Administration</td>
<td>Reduction paper costs</td>
<td>-2,000</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Barossa Visitor Centre</td>
<td>Adjustment contribution for BV/C upgrade</td>
<td>1,000</td>
<td>Operating</td>
<td>Income</td>
<td>One off</td>
</tr>
<tr>
<td>Community Programs</td>
<td>Reduce provision for reserve drawdowns from Advisory Groups</td>
<td>-25,000</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Add $25k back into the 19-20 year as 50% pa needed</td>
</tr>
<tr>
<td>Community Services</td>
<td>VKC funding adjustment to contracts</td>
<td>5,784</td>
<td>Operating</td>
<td>Income</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Community Services</td>
<td>VKC adjustment to expenditure to match to contracted funding</td>
<td>-5,057</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Community Services</td>
<td>Increase in client contributions income - Community Transport</td>
<td>-1,179</td>
<td>Operating</td>
<td>Income</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Community Services</td>
<td>Salaries adjustment - Volunseering Services</td>
<td>-4,181</td>
<td>Operating</td>
<td>Expenditure</td>
<td>New Initiative</td>
</tr>
<tr>
<td>Finance</td>
<td>Loan Interest - SLGIP Loan repayment - adjustment to interest rate</td>
<td>2,188</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Environmental Services</td>
<td>Reduction travel expenditure costs</td>
<td>-1,100</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Recycle</td>
<td>Reduction postage costs</td>
<td>-10,000</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Executive</td>
<td>Salaries adjustment - Governance Advisor</td>
<td>4,195</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Executive</td>
<td>Electred Member data costs adjustment</td>
<td>6,580</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Executive</td>
<td>South Whyte House, Nuriootpa - surrounding development contribution</td>
<td>20,000</td>
<td>Operating</td>
<td>Expenditure</td>
<td>One off</td>
</tr>
<tr>
<td>Natural Resource Centre</td>
<td>Increase to reimbursed income to cover all salary and on costs</td>
<td>-5,568</td>
<td>Operating</td>
<td>Income</td>
<td>Ongoing</td>
</tr>
<tr>
<td>NRM Education</td>
<td>Reduction to vehicle and sundry expenses to align with funding agreement</td>
<td>-5,350</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Planning</td>
<td>Planning portal contribution - reduction in costs for 2018-19</td>
<td>-29,450</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Planning</td>
<td>Reduce relief staff costs - now covered by salaries</td>
<td>-20,000</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Ongoing</td>
</tr>
<tr>
<td>The Rex</td>
<td>Electricity charges reduced</td>
<td>-20,000</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Ongoing</td>
</tr>
<tr>
<td>The Rex</td>
<td>Other Income reduced - relating to electricity costs on charged</td>
<td>20,000</td>
<td>Operating</td>
<td>Income</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Various</td>
<td>Vehicle/Plant Registrations</td>
<td>6,976</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Various</td>
<td>Reduction in consultant costs</td>
<td>-22,000</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Various</td>
<td>Reduction in training and associated costs</td>
<td>-28,150</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Various</td>
<td>Reduction in legal costs</td>
<td>-40,000</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Various</td>
<td>Reduction in entertainment costs</td>
<td>-4,000</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Works</td>
<td>Contribution to DPF for car parking bays - North Street, Angaston</td>
<td>28,500</td>
<td>Operating</td>
<td>Expenditure</td>
<td>One off</td>
</tr>
<tr>
<td>Works</td>
<td>Rubble adjustment for stock allocation</td>
<td>-30,000</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Works</td>
<td>Rubble raising/crushing allocation adjustment</td>
<td>113,100</td>
<td>Operating</td>
<td>Expenditure</td>
<td>NA</td>
</tr>
<tr>
<td>Works</td>
<td>Rubble raising/crushing allocation adjustment</td>
<td>113,100</td>
<td>Operating</td>
<td>Expenditure</td>
<td>NA</td>
</tr>
<tr>
<td>Works</td>
<td>Additional budget - Victoria Terrace Footpath</td>
<td>220,000</td>
<td>Capital</td>
<td>Expenditure</td>
<td>NA</td>
</tr>
<tr>
<td>Works</td>
<td>Elizabeth Street, Tanunda Footpath</td>
<td>15,000</td>
<td>Capital</td>
<td>Expenditure</td>
<td>NA</td>
</tr>
<tr>
<td>Works</td>
<td>Sealing Nuriootpa Soldiers Memorial Hall car park ($20,000 from Developer Reserve)</td>
<td>70,000</td>
<td>Capital</td>
<td>Expenditure</td>
<td>NA</td>
</tr>
<tr>
<td>Works</td>
<td>Car parking and drainage adjacent Williamstown Primary School additional expenditure offset by grant funding</td>
<td>31,304</td>
<td>Capital</td>
<td>Expenditure</td>
<td>NA</td>
</tr>
<tr>
<td>Works</td>
<td>Car parking and drainage adjacent Williamstown Primary School grant funding</td>
<td>-31,304</td>
<td>Capital</td>
<td>Expenditure</td>
<td>NA</td>
</tr>
<tr>
<td>Works</td>
<td>Calton Road to Hamester Court Drainage, Kalbeeda ($180,000 from Developer Reserve)</td>
<td>210,000</td>
<td>Capital</td>
<td>Expenditure</td>
<td>One off</td>
</tr>
<tr>
<td>Works</td>
<td>Katirina Road, Nuriootpa -iseal additional costs</td>
<td>70,530</td>
<td>Capital</td>
<td>Expenditure</td>
<td>One off</td>
</tr>
<tr>
<td>Works</td>
<td>Adjust wages, overheads, plant hire for capital works Allendale Road carried forward from 2017-18</td>
<td>-10,347</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Check</td>
</tr>
<tr>
<td>Works</td>
<td>Support to reprofile and update stormwater management plans</td>
<td>17,500</td>
<td>Operating</td>
<td>Expenditure</td>
<td>One off</td>
</tr>
<tr>
<td>Works</td>
<td>CWMS - Water usage charges adjustment</td>
<td>1,550</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Works</td>
<td>Consultants to undertake full rural road core depth testing for better long term management of road network</td>
<td>40,400</td>
<td>Operating</td>
<td>Expenditure</td>
<td>One off</td>
</tr>
<tr>
<td>Works</td>
<td>Increase street sweeping hire costs</td>
<td>8,000</td>
<td>Operating</td>
<td>Expenditure</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Works</td>
<td>Wages overheads allocation to capital</td>
<td>-35,440</td>
<td>Operating</td>
<td>Expenditure</td>
<td>One off</td>
</tr>
<tr>
<td>Works</td>
<td>Plant Hire charge allocation to capital</td>
<td>-26,840</td>
<td>Operating</td>
<td>Expenditure</td>
<td>One off</td>
</tr>
</tbody>
</table>

Total: 1,147,336

The Barossa Council Minutes of Special Council Meeting held on Wednesday 27 June 2018
Revised Information

- Valuation Rating & Analysis

Valuation data, as provided by the Valuer-General, has been received and updated in Council’s modelling tools, using the draft Rating Model as included within the Draft AB&BP for 2018/19. Updates have been made to the Property Valuation and include an increase in natural growth for this rating year to 1.2% (draft budget was 1%).

An amendment for the supplementary valuations to Week 16 June 2018 is included within the following Valuation and Differential Rating reports to this meeting and the AB&BP document. As the growth was slightly higher than budgeted, total general rate revenue is greater than the amount previously listed within the AB&BP document. Due to higher than expected valuation increases and growth at 1.2% (the draft budget was 0.83%) the rate in $ for general rates has been slightly reduced for all Land use types; this will have the effect of reducing the overall charges on each assessment. The overall increase to general rate revenue from last year is now at 2.34% (CPI Adelaide as at March 2018 was 2.3% and LGPI was 3.2%) plus growth of 1.2% a total revenue increase of 3.54%. As noted in the previous table, the additional growth Council general rate revenue has increased from the draft budget by $58k.

Service charges must recover the cost of the service, with the increase in valuation along with additional users of the Community Wastewater Management Systems (CWMS), required a reduction in the Service charge for Residential users from $331 to $330 pa a 2.48% increase and Non-Residential users a reduction in the Service Rate.

Subsequent to the release of the Draft AB&BP and LTFP on 23 May 2018, Officers have received new and revised information which has been included in the amended AB&BP and LTFP. These are grouped into Operating and Capital Budgets in the table above.

- Operating Budget

Further reviews to the Budget over the last few weeks include: increased service charges and expenditure for waste, recycling and green waste services, an increase of all general rate revenue for better than expected growth. The major impact to the draft AB&BP was the Federal Budget announcement to pay half of the 2018/19 FAGS funding in June 2018 - an increase to the 2017/18 operating surplus but a reduction of $674k to next years expected surplus.

The Nuriootpa Centennial Park Authority (NCPA) have approved their 2017/18 Budget and Business plan. The NCPA operating and capital budget information is contained within Council’s AB&BP.

Full Cost Attribution has now been applied - this is an allocation of internal services to external services and does not affect the overall net result.

Additional operating adjustments have been included in the AB&BP as included in the Operating & Capital Budget adjustments table above.

The various amendments to the operating items overall has improved the forecast operating result to a surplus of $81,913 (note: this amount includes amendments as per above table) from a draft surplus of $572,010 in the consultation document.

- Capital Budget

Additional capital works have been included in the AB&BP as included in the Operating & Capital Budget adjustments table.

There are savings in the 2017/18 capital budget programs for CWMS, vehicle replacements and minor plant and these have been conservatively reduced in the LTFP, improving the opening cash position for 2018/19. Selected drainage asset works have been removed from the 2017/18 year and included in the 2019/20 capital budget.

Reserve Transfers

A reduction in reserves is required for the projects listed below (as previously discussed with Council during the budget and new initiative (NI) process):

<table>
<thead>
<tr>
<th>Reserve Transfer from Reserve</th>
<th>2018/19 Transfer Amount</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Annual Budget & Business Plan

As required under Section 123 of the Act, the draft Business Plan has been prepared and is contained within the first section of the draft AB&BP 2018/19.

The consolidated Financial Statements are included in the “Annual Budget” section of the Draft AB&BP 2018/19.

Pursuant to Section 123 (7) of the Act, Council must adopt its Annual Business Plan with or without amendment before the adoption of its Annual Budget, as per the following excerpt:

(7) Each budget of a council must-
   (a) be considered in conjunction with the council’s annual business plan (and must be consistent with that plan, as adopted); and
   (b) be adopted by the council after the council has adopted its annual business plan.

Pursuant to Section 153(5)(a) of the Act, Council must adopt its AB&BP prior to adopting rates for the financial year.

Long Term Financial Plan

As required in Section 122 of the Act, Council must undertake a review of its LTFP as soon as practical after adopting the Council’s Annual Business Plan.

The annual review of the LTFP is included as a section within the document. It is noted that following the inclusion of the submissions and revised information above, the LTFP has been updated from the draft consultation document.

To ensure appropriate cost recovery for Waste Services, increases in service charges range from 2.25% to 2.5% pa, plus growth (1% included pa) in service numbers. As the optional Organic collection service is new, the expected costs and service numbers have been estimated based on existing customers using this previous externally provided service.

The Federal Government Budget included supplementary road funding for the years 2017/18 and 2018/19; Council's allocation is based on last year’s funding - a budget amount of $233k for each year. Grant funding for Roads to Recovery 4 (R2R4) allocation was a total of $3m - this was exhausted in 2017/18, so no funding is available for 2018/19. A new R2R program will start in 2019/20 and so the Council’s LTFP includes an amount of $328k for 2019/20 and each year thereafter, no transport programs have been included in the LTFP for this expected income.

To ensure appropriate cost recovery for CWMS Services, increases in service charges range from 2.5% to 2.75% pa, plus growth (1% included pa) in service numbers.

The NCPA have revised and adopted their LTFP in line with current information, trends and service requirements and has been validated with Council’s NCPA – LTFP sub-plan. Operating income and expenditure indexed at 2-2.5% pa and capital expenditure kept at minimal levels then ramping up from 2021/22 and then again from 2024/25. Their loan debt repayments will increase in 2018/19 while maintaining an adequate cash balance.

The LTFP sub-plans are consolidated to form Council’s summary LTFP - this summary annual review is reported within the AB&BP.
To ensure Council’s bank balance is not overdrawn, discretionary funds and plant and equipment expenditure has been reduced and then replenished in future years. A cash advance debenture loan has been included for $100k in the 2018/19 financial year to be repaid in 2019/20. The need for this cash facility will be accessed if, when required to meet cash requirements. Other debenture loans have been included in the LTTP in years 2018/19 to 2021/22 and will be presented for Council’s consideration to finance the expenditure requirements for “The Big Project” (TBP) – Generational Community Infrastructure Project, when required.

The LTTP sits within the Business Planning Framework providing an integral link between Council’s strategy and Council operations.

**Financial Sustainability & Performance Report**

As required in Section 122 of the Act, the Council’s Chief Executive Officer (CEO) is to prepare a report on the Council’s long term financial performance and position taking into account the provisions of Council’s annual business plan and strategic management plans.

Council’s Financial Sustainability Principles play an important part of the preparation of the LTTP and are included in the document. Council has adopted the Local Government sector key financial indicators to assess Council’s long-term financial sustainability. The CEO report uses the Key Performance Indicators (KPI’s) as a tool to analyse and measure forecasts to targets.

The measurement of Council’s performance includes both financial and non-financial KPI’s. These are reported within the document in detail for the budget year and in summary for the 10 year plan. An explanation of the variances for the LTTP KPI’s are recorded in the document.

A Financial Sustainability Performance Report is included in the final AB&BP on the section “Long Term Financial Plan 2018/19 to 2027/28”.

**ATTACHMENTS OR OTHER SUPPORTING REFERENCES**

Attachment 1: Annual Budget & Business Plan 2018/19, incorporating the annual review of the Long Term Financial Plan (LTTP) 2018/19 to 2027/28

**COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS**

Corporate Plan

6.2 Ensure that Council’s policy and process frameworks are based on principles of sound governance and meet legislative requirements.

6.16 Provide contemporary internal administrative and business support services in accordance with mandated legislative standards and good practice principles.

Legislative Requirements

Local Government Act 1999

**FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS**

Financial

Council must ensure (where practicable) all adopted budgets are within established financial sustainability targets or key performance indicators (KPIs). In instances where ratios are not within a target, the LTTP adopted by Council will reflect a sustainable progression to such target.

The original budget is adopted following an extensive preparation and consultation process including the raising of rates at the appropriate levels for financial sustainability to be achieved. The Financial Sustainability analysis indicates that The Barossa Council is currently financially sustainable for the forecast period covered by the LTTP. This will require ongoing annual and quarterly reviews to monitor and review direction as appropriate.

For the 2018/19 Annual Budget & Business Plan and the LTTP:

- KPI 1 – (Operating Surplus) a surplus of $82k is expected for the 2018/19 year and over the next five years the LTTP forecasts an operating surplus of $2,407k; the adopted target is to achieve an operating break-even position, or better, over any five year period.
• KPI 2 – (Operating Surplus Ratio) a rolling 3 year a surplus of 3.1% to 2018/19 (0.2% for 2018/19 only) and future years within the LTFP range from 0.6% to 3.1% are all within the acceptable target range set by Council of (2%) to 10%.
• KPI 4 – (Net Financial Liabilities Ratio) at 38.5% and future years within the LTFP range from 20.7% to 48.2% with year 10 at 20.7% comfortably within Council adopted targets of zero to 100%.
• KPI 6 – (Asset Sustainability Ratio) for the 2018/19 year the rolling 3 year average is expected at 72.5%. Mainly due to the reduced renewal expenditure in the 2015/16 and 2016/17 years where incomplete work was carried over to the 2017/18 year. The 2018/19 year is budgeted at 69.4%. In three individual years in this review, this ratio is below the minimum rate at 68.7% to 74.8%; all other future years are forecast to be within the adopted target range of 80% to 110%. A selection of TBP builds will upgrade and replace a considerable amount of existing assets. These works will need to be identified and then re-assigned as appropriate, to renewal works which will improve this ratio’s outcome. Currently they are all listed as upgrade/new assets.

It is imperative Council’s financial sustainability principles and indicators are considered in budget processes and estimates. All budget estimates must include the measurement of all financial indicators and where relevant the justification and implication for not working within these targets.

The objective for the review of Council’s LTFP is to achieve financial sustainability in the medium to longer term. In the absence of a regular review, financial sustainability will go unchecked, reducing Council’s ability to absorb unplanned activities or financial shocks and impacts.

The Corporate and Organisational Management Team will work to achieve the longer term target for further improvements to Council long financial sustainability through an ongoing budget and organisational initiatives include the following approach:

• Ongoing reporting of the approved Strategic Projects Program
• Alignment of the Community and Corporate plans to the Annual Budget & Business Plan and the zero based budget process completed in the 2018/19 year to recalculate all expenditure and revenue settings across every operational area to find savings and potential increased revenues from sources not related to rates;
• Continue to review the net cost of all services provided by Council to further drive opportunities for efficiencies;
• Continue to review Council’s asset base for accurate depreciation charges, renewal requirements and sustainable service levels.

Periodic updates on outcomes and options coming out of the work being undertaken has and will continue to be reported to Council.

COMMUNITY CONSULTATION

Included as part of the Draft Annual Budget and Business Plan 2018/19 consultation and adoption process, and in accordance with the Act.

2.2.3

ADOPTION OF VALUATIONS FOR 2018/19 RATING PURPOSES

B3582 18/39218

Author: Senior Rates Officer

Mr Mark Lague, Manager Financial Services, advised the meeting of minor changes to Table 1 – Property Valuations Movement in the body of the report 2.2.3 – Adoption of Valuations for 2018/19 Rating Purposes which did not affect the total rateable valuations.

MOVED Cr Lange that Council, in accordance with Section 167(2)(a) of the Local Government Act 1999, adopts for rating purposes for the year ending 30 June 2019, the Valuer-General’s most recent valuations available to Council of the Capital Value in relation to the area of the Council, which specifies that the total values that are to apply within the area is $5,184,619,740 of which $5,071,168,889 is rateable.

Seconded Cr Milne  CARRIED 2014-18/1444

PURPOSE

Property valuations received from the Valuer-General require adoption for the purpose of generating the 2018/19 rates.
The movement in property valuations from 2017/18 to 2018/19 is outlined in the table below.

**Table 1 – Property Valuations Movement**

<table>
<thead>
<tr>
<th>Land Use Code</th>
<th>No. of assessments</th>
<th>17-18 Total Valuations</th>
<th>17-18 Average Valuation</th>
<th>No. of assessments</th>
<th>18-19 Total Valuations</th>
<th>18-19 Average Valuation</th>
<th>% Movement Total Valuations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>8,586</td>
<td>2,985,542,810</td>
<td>332,244</td>
<td>8,114</td>
<td>3,113,175,527</td>
<td>341,582</td>
<td>4.28%</td>
</tr>
<tr>
<td>Commercial</td>
<td>589</td>
<td>297,379,347</td>
<td>504,889</td>
<td>602</td>
<td>309,095,483</td>
<td>513,448</td>
<td>3.94%</td>
</tr>
<tr>
<td>Industry-Light</td>
<td>5</td>
<td>46</td>
<td>15,676,769</td>
<td>340,799</td>
<td>47</td>
<td>16,313,206</td>
<td>4.06%</td>
</tr>
<tr>
<td>Industry-Other</td>
<td>94</td>
<td>227,161,302</td>
<td>2,416,610</td>
<td>92</td>
<td>227,863,739</td>
<td>2,476,780</td>
<td>0.31%</td>
</tr>
<tr>
<td>Primary Production</td>
<td>7</td>
<td>2,175</td>
<td>1,185,208,008</td>
<td>544,923</td>
<td>2,178</td>
<td>1,249,465,481</td>
<td>573,676</td>
</tr>
<tr>
<td>Vacant Land</td>
<td>8</td>
<td>616</td>
<td>105,380,876</td>
<td>171,073</td>
<td>566</td>
<td>101,110,865</td>
<td>178,641</td>
</tr>
<tr>
<td>Other</td>
<td>9</td>
<td>143</td>
<td>52,988,030</td>
<td>370,946</td>
<td>145</td>
<td>54,144,588</td>
<td>373,411</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>12,649</td>
<td>4,869,337,142</td>
<td>12,744</td>
<td>5,071,168,889</td>
<td>5,071,168,889</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

There has been an increase of approximately $29.7 mill in the total property valuations from those tabled in the previous public consultation version of the Annual Budget and Business Plan 2018/19. This is as a direct result of recent re-visits and new sub-divisions by the Valuer-General in the past month.

**ATTACHMENTS OR OTHER SUPPORTING REFERENCES**

Policy
Budget & Business Plan and Review Policy

**COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS**

Corporate Plan

- How We Work – Good Governance
- 6.2 Ensure that Council’s policy and process frameworks are based on principles of sound governance and meet legislative requirements.
- 6.3 Align operational strategy to strategic objectives and measure organisational performance to demonstrate progress towards achieving our goals.
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- 6.16 Provide contemporary internal administrative and business support services in accordance with mandated legislative standards and good practice principles.

Legislative Requirements
Local Government Act 1999

**FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS**

Financial
Refer Annual Budget and Business Plan 2018-19

**COMMUNITY CONSULTATION**

Included as part of the draft Annual Budget and Business Plan 2018/19 consultation and adoption process.

**2.2.4 DECLARATION OF DIFFERENTIAL GENERAL RATES 2018/19**

B3582 18/39218

Author: Senior Rates Officer

Mr Mark Lague, Manager Financial Services, advised the meeting of minor changes to Table 1 - Rate-in-$ comparison 2017/18 – 2018/19 in the body of the report 2.2.4- Declaration of Differential General Rates 2018/19 which did not materially affect the total general rate revenue.
MOVED Cr Angas that Council, pursuant to Sections 152(1)(c)(i), 153(1)(b) and 156(1)(a) of the Local Government Act 1999, declares the following differential general rates on rateable land within its area for the year ending 30 June 2019, based upon the capital value of the land, which rates vary by reference to land use categories as per Regulation 14 of the Local Government (General) Regulations 2013:

1. Category (a) use (Residential), a rate of 0.003482 in the dollar;
2. Category (b) use (Commercial – Shop), category (c) use (Commercial – Office) and category (d) use (Commercial – Other), a rate of 0.005474 in the dollar;
3. Category (e) use (Industry – Light), a rate of 0.005652 in the dollar;
4. Category (f) use (Industry – Other), a rate of 0.01616 in the dollar;
5. Category (g) use (Primary Production), a rate of 0.003378 in the dollar;
6. Category (h) use (Vacant Land), a rate of 0.006359 in the dollar;
7. Category (i) use (Other), a rate of 0.005813 in the dollar;

Seconded Cr Seager CARRIED 2014-18/1445

RESIDENTIAL RATES CAP

MOVED Cr Angas
That Council, pursuant to Section 153(3) and (4) of the Local Government Act 1999, has determined to fix a maximum increase in general rates levied upon a category 1 land use (Residential) property for the year ending 30 June 2019, which constitutes the principal place of residence of a principal ratepayer at:

(a) 7.5% over and above the general rates levied for the 2017/18 financial year (for residential ratepayers who are in receipt of the Cost of Living concession); or
(b) 15% over and above the general rates levied for the 2017/18 financial year (all other residential ratepayers);

Provided that:
- the property has been the principal place of residence of the principal ratepayer since at least 1 July 2017; and
- the property has not been subject to improvements with a value of more than $20,000 since 1 July 2017.

Seconded Cr Lange CARRIED 2014-18/1446

PURPOSE
To adopt the differential general rates-in-the-dollar to apply for the 2018/19 rating year.

REPORT

Discussion
A comparison of the rates-in-the-dollar for 2017/18 and 2018/19 is outlined in the table below:

Table 1 – Rate-in-$ comparison 2017/18 – 2018/19

<table>
<thead>
<tr>
<th></th>
<th>% change to rate in $ (RID)</th>
<th>17-18 Rate in $/charge</th>
<th>17-18 Revenue</th>
<th>% of Total Rate Revenue (excl Fixed Chg)</th>
<th>18-19 Rate in $/charge</th>
<th>18-19 Revenue</th>
<th>% of Total Rate Revenue (excl Fixed Chg)</th>
<th>% increase in revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>0.12%</td>
<td>0.003478</td>
<td>10,383,718</td>
<td>49.99%</td>
<td>0.0034820</td>
<td>10,840,077</td>
<td>50.45%</td>
<td>4.39%</td>
</tr>
<tr>
<td>Commercial</td>
<td>0.68%</td>
<td>0.005437</td>
<td>1,816,252</td>
<td>7.78%</td>
<td>0.0054740</td>
<td>1,991,993</td>
<td>7.88%</td>
<td>4.65%</td>
</tr>
<tr>
<td>Industry – Light</td>
<td>0.16%</td>
<td>0.005544</td>
<td>88,464</td>
<td>0.43%</td>
<td>0.0055650</td>
<td>92,202</td>
<td>0.43%</td>
<td>3.93%</td>
</tr>
<tr>
<td>Industry – Other</td>
<td>1.62%</td>
<td>0.015902</td>
<td>3,612,319</td>
<td>17.39%</td>
<td>0.0161600</td>
<td>3,662,271</td>
<td>17.14%</td>
<td>1.44%</td>
</tr>
<tr>
<td>Primary Production</td>
<td>-2.23%</td>
<td>0.003455</td>
<td>4,094,894</td>
<td>19.71%</td>
<td>0.0033780</td>
<td>4,220,694</td>
<td>19.84%</td>
<td>3.07%</td>
</tr>
<tr>
<td>Vacant Land</td>
<td>0.25%</td>
<td>0.006343</td>
<td>668,431</td>
<td>3.22%</td>
<td>0.0063590</td>
<td>642,864</td>
<td>3.09%</td>
<td>-3.81%</td>
</tr>
<tr>
<td>Other</td>
<td>0.84%</td>
<td>0.005776</td>
<td>306,059</td>
<td>1.47%</td>
<td>0.0058130</td>
<td>314,745</td>
<td>1.46%</td>
<td>2.84%</td>
</tr>
<tr>
<td>Fixed Charge</td>
<td></td>
<td></td>
<td>332</td>
<td></td>
<td></td>
<td>342</td>
<td></td>
<td>4.2%</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>24,744,776</td>
<td>100.0%</td>
<td></td>
<td>25,624,173</td>
<td>100.0%</td>
<td>3.55%</td>
</tr>
</tbody>
</table>
6.2 Ensure that Council’s policy and process frameworks are based on principles of sound governance and meet legislative requirements.

6.3 Align operational strategy to strategic objectives and measure organisational performance to demonstrate progress towards achieving our goals.

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6.9 Provide access to Council’s plans, policies and processes and communicate with the community in plain English.

6.16 Provide contemporary internal administrative and business support services in accordance with mandated legislative standards and good practice principles.

Legislative Requirements
Local Government Act 1999

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS
Financial
Refer Annual Budget and Business Plan 2018-19

COMMUNITY CONSULTATION
Included as part of the draft Annual Budget and Business Plan 2018/19 consultation and adoption process.

2.2.5 DECLARATION OF FIXED CHARGE FOR RATING PURPOSES
B385 18/39218

Author: Senior Rates Officer

MOVED Cr Lange that Council, pursuant to Section 152 (1)(c)(ii) of the Local Government Act 1999, declare a Fixed Charge of $342 on each separately valued piece of rateable land within the Council area for the year ending 30 June 2019.

Seconded Cr Milne

CARRIED 2018/1447

PURPOSE
To consider the imposition of a Fixed Charge on all rateable properties for the 2018/19 rating year.

REPORT
Discussion
A Fixed Charge of $342 represents a $10 increase on the amount applied for the 2017/18 rating year.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES
Policy
Budget & Business Plan and Review Policy

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS
Corporate Plan
How We Work – Good Governance

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Legislative Requirements
Local Government Act 1999

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Financial
Refer Annual Budget and Business Plan 2018-19

COMMUNITY CONSULTATION

Included as part of the draft Annual Budget and Business Plan 2018/19 consultation and adoption process.

2.2.6
DEARATION OF WASTE COLLECTION SERVICE CHARGE
B3582 18/39218

Author: Senior Rates Officer

MOVED Cr Miller that Council, pursuant to Section 155 of the Local Government Act 1999, and in order to provide the service of waste collection in those parts of the Council’s area described in (3) below, declares the following service charges by reference to the nature and/or level of usage of the service, for the year ending 30 June 2019:

(1) **Non-recyclable Waste Collection**

(a) An annual service charge of $106.00 per 140L collection receptacles except in instances where, subject to written application to and approval by the Council, residential households with six or more permanent residents or a special medical condition may receive a 240L receptacle at the same service charge level of a 140L receptacle

(b) An annual service charge of $133.00 per 240L collection receptacles; (available to Commercial Premises to upsize to 240L)

(2) **Recyclable Waste Collection**

(a) An annual service charge of $50.00 per 240L collection recycling receptacle

(b) An annual service charge of $59.00 per 240L Green Organic Waste collection receptacle

(3) **Parts of Council Area**

All Service Entitled Properties in the Designated Waste Collection Areas and along the Approved Waste Collection Route as identified in the Waste Management Services Policy

Seconded Cr Harris CARRIED 2014-18/1448

PURPOSE

To consider the declaration of the Waste Collection Service Charge for the 2018/19 rating year.

REPORT

Discussion

The proposed service charges are based on the estimated cost to Council in providing the service. Pursuant to Section 155(5) of the Local Government Act 1999, Council cannot recover by way of the service rate an amount exceeding the estimated cost of operating the service.
ATTACHMENTS OR OTHER SUPPORTING REFERENCES
Policy
Budget & Business Plan and Review Policy

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS
Corporate Plan
How We Work – Good Governance

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Legislative Requirements
Local Government Act 1999

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS
Financial
Refer Annual Budget and Business Plan 2018-19

COMMUNITY CONSULTATION
Included as part of the draft Annual Budget and Business Plan 2018/19 consultation and adoption process.

2.2.7 DECLARATION OF COMMUNITY WASTEWATER MANAGEMENT SYSTEMS (CWMS) RATE AND SERVICE CHARGE
B3582 18/39218

Author: Senior Rates Officer

MOVED Cr Seager that Council, pursuant to Section 155 of the Local Government Act 1999, declare a service rate and impose a service charge for the year ending 30 June 2019, in the following areas to which Council makes available a Community Wastewater Management System (CWMS):

1. **Lyndoch, Mount Pleasant, Nuriootpa, Penrice, Stockwell, Tanunda and Williamstown – Residential & Vacant Land Properties**
   (a) An annual service charge of $330 of occupied residential rateable and non-rateable land;
   (b) An annual service charge of $105 on each assessment of vacant rateable and non-rateable land.

2. **Lyndoch, Mount Pleasant, Nuriootpa, Penrice, Stockwell, Tanunda and Williamstown – Non-Residential & Non-Vacant Land Properties**
   A service rate of 0.001183 in the dollar of the capital value of occupied non-residential rateable land.

3. **Springton – Residential & Vacant Land Properties**
   (a) An annual service charge of $575 (including a capital repayment contribution of $245) on assessments of occupied residential rateable land and non-rateable land;
   (b) An annual service charge of $245 on assessments of occupied non-rateable land;
   (c) An annual service charge of $60 on each assessment of vacant rateable land.
4. **Springton – Non-Residential & Non-Vacant Land Properties**

   (a) A service rate of 0.001183 in the dollar of the capital value and an annual service charge of $245 (capital repayment contribution) on assessments of occupied non-residential land.

   (b) An annual service charge of $245 on assessments of occupied non-rateable land

**Seconded Cr Milne**  
**CARRIED 2014-18/1449**

**PURPOSE**

To consider the declaration of Community Wastewater Management Systems (CWMS) rates and charges for the 2018/19 rating year.

**REPORT**

**Discussion**

The proposed service rates and charges are based on the estimated cost to Council in delivering the service.

Pursuant to Section 155(5) of the Local Government Act 1999, Council cannot recover by way of the service rate and charges an amount exceeding the estimated cost of operating, maintaining, improving and replacing the service.

The charge for all residential properties connected to a CWMS scheme is solely based on a service charge.

**ATTACHMENTS OR OTHER SUPPORTING REFERENCES**

Policy  
Budget & Business Plan and Review Policy

**COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS**

Corporate Plan  
How We Work – Good Governance

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**Legislative Requirements**

Local Government Act 1999

**FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS**

Financial  
Refer Annual Budget and Business Plan 2018-19

**COMMUNITY CONSULTATION**

Included as part of the draft Annual Budget and Business Plan 2018/19 consultation and adoption process.

**2.2.8 DECLARATION OF NATURAL RESOURCE MANAGEMENT LEVIES**

B3583 18/39218

Author: Senior Rates Officer
MOVED Cr Grossman that Council, in exercise of the powers contained in Section 154 of the Local Government Act 1999, for the year ending 30 June 2019 and in order to reimburse Council for the amount contributed to the:

(1) Adelaide and Mount Lofty Ranges Natural Resources Management Board, a levy in the nature of a separate rate of 0.000968 in the dollar of the Capital Value of land, on all rateable land in the Council’s area in the area of that Board in accordance with Section 95 of the Natural Resources Management Act 2004;

(2) SA Murray-Darling Basin Natural Resources Management Board, a levy in the nature of a separate rate of 0.0002476 in the dollar of the Capital Value of land, on all rateable land in the Council’s area in the catchment area of that Board, in accordance with Section 95 of the Natural Resources Management Act 2004.

Seconded Cr Lange

CARRIED 2014-18/1450

PURPOSE
To consider the declaration of the State Government Natural Resource Management levies for the 2018/19 rating year.

REPORT
Discussion
The levies are collected on behalf of the State Government and then forwarded to the various Boards on a quarterly basis.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES
Policy
Budget & Business Plan and Review Policy

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS
Corporate Plan
How We Work – Good Governance

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Legislative Requirements
Local Government Act 1999

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS
Financial
Refer Annual Budget and Business Plan 2018-19

COMMUNITY CONSULTATION
Included as part of the draft Annual Budget and Business Plan 2018/19 consultation and adoption process.

2.2.9
PAYMENT OF RATES
B2690

Author: Senior Rates Officer

The Barossa Council Minutes of Special Council Meeting held on Wednesday 27 June 2018
MOVED Cr Angas that Council:

(1) Pursuant to Section 191(1) of the Local Government Act 1999, all rates and charges will be payable in four quarterly instalments due on 11 September 2018, 4 December 2018, 5 March 2019 and 4 June 2019; provided that in cases where the initial account requiring payment of rates is not sent at least 30 days prior to this date, or an amended account is required to be sent, authority to fix the date by which rates must be paid in respect of those assessments affected, is hereby delegated to the Chief Executive Officer.

(2) Pursuant to Section 44 of the Local Government Act 1999, the Chief Executive Officer (or his delegate) be delegated power under Section 191(4)(b) of the Act to enter into agreements with ratepayers relating to the payment of rates in any case where he considers it necessary or desirable to do so.

Seconded Cr Seager  
CARRIED 2014-18/1451

PURPOSE
To consider quarterly payment due dates for the 2018/19 rating year.

REPORT
Discussion
In accordance with the provisions of the Local Government Act 1999, rate payments must be offered on a quarterly basis in September, December, March and June each year.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES
Policy
Budget & Business Plan and Review Policy

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS
Corporate Plan
How We Work – Good Governance

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Legislative Requirements
Local Government Act 1999

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS
Financial
Refer Annual Budget and Business Plan 2018-19

COMMUNITY CONSULTATION
Included as part of the draft Annual Budget and Business Plan 2018/19 consultation and adoption process.

2.3 WORKS AND ENGINEERING SERVICES - DEBATE

2.3.1 SPRINGTON ROAD ACCELERATION PROJECT – STAGE 2
B6758 18/41228
**MOVED** Cr Lange that:

(1) Council waive the standard Procurement Policy requirements with respect to undertaking an Open Tender process for Stage 2 civil works for construction of the Springer Road Acceleration Project and authorises Council Staff to obtain a direct quote from BluBuilt Constructions Pty Ltd on the basis of having recently tested the market for Stage 1 of this project, the satisfactory performance of the current contractor and market conditions as presented and outlined in the report is unlikely to result in any better outcome for Council.

(2) Council authorises the Director, Works and Engineering Services to negotiate and the Chief Executive Officer to execute an agreement with BluBuilt Constructions Pty Ltd subject to all transparency, accountability and probity matters being undertaken in satisfaction of standard Request for Quote requirements.

**Seconded** Cr Milne

**CARRIED 2014-18/1452**

### PURPOSE

This report seeks Council to waive the standard procurement policy requirements for the direct purchase of Stage 2 civil works construction of the Springer Road Acceleration Project.

### REPORT

**Background**

Council, in partnership with the State Government, was offered a grant under the State Local Infrastructure Partnership for road upgrade works in Springer. Delivery of the project was split into two separable portions to be delivered over two consecutive financial years. Stage 1 during FY17/18 and Stage 2 during FY18/19, with all projects targeted for completion by July 2019. This staged approach allowed construction to commence whilst the detailed design progressed for the remaining roads.

Following a select tender process in January 2018, Council awarded Stage 1 of the Springer roads upgrade to BluBuilt Constructions Pty Ltd (BluBuilt). BluBuilt will soon be nearing completion for the civil works construction of the Stage 1 roads, namely:

- Edward Street;
- Charles Street;
- MacDonnell Street; and
- Mildres Street.

Delivery of Stage 1 works has progressed well and is tracking on budget.

**Introduction**

Council has completed all detailed design requirements for Stage 2 and is now ready to procure civil works construction for stage 2 roads, namely:

- Gilbert Street;
- Johannes Street;
- Graetz Terrace;
- Eckerts Street;
- Miller Street;
- William Street; and
- Rose Street.

**Discussion**

BluBuilt have progressed Stage 1 works with good results in both quality and timing and have developed an effective working relationship with Council and the surrounding Springer community.

Based on the quality and value of works delivered under the existing contract and potential efficiencies from a continuation of the current supply arrangement, it is proposed that a waiver be granted from undertaking an open tender process to instead obtain a direct quote from BluBuilt to include some components of the Stage 2 civil construction works. Delivery of the remaining works will be facilitated by leveraging against existing panel contracts. As such, it is
proposed that Council site-manage the remaining works using Council’s directly employed project co-ordinator, and procure in accordance with the following methodology:

1) Road asphalt works - procure using the Road Reseal Agreement – approximately 10-15% of total project costs.

2) Footpath asphalt works – procure using the Minor Civil Works Panel.

3) Other minor civil works such as retaining walls and stormwater drainage - procure via the Minor Civil Works Panel.

There are a number of factors which support this approach:

- The limited timeframe to complete Stage 2 works within the funding timelines and other capital works commitments budgeted for in 2018/2019 – which would be further compromised by the time required to complete an open tender.

- The opportunity to benchmark the direct quote against the existing market tested rates Council has for all Asphalt work.

- The opportunity to capitalise on efficiencies associated with the contractor currently being on site – with no additional site establishment and demobilisation costs.

There are also a number of indirect benefits associated with the proposed approach:

- Using local contractors for the separable scope items.

- The contractor has an established working relationship with Council and the Springton Community.

- The contractor has demonstrated knowledge of the requirement of tasks, quality and execution.

- Existing documentation and process is in place and an understanding of council’s technical requirements is well established with the contractor.

- Timely responses are provided to Council’s technical queries, invoicing and weekly site meetings.

- The Contractor is able to work with little guidance or intervention from Council’s project co-ordinator.

- Employing local labour and contractors.

- Minimising lost time on engaging and briefing of new contractor.

The alternative would be to go to the market via an open tender process. The market was tested only 6 months ago, January 2018, and officers are reasonably satisfied that the market hasn’t changed materially over this time. In fact, indications are that the civil construction market is still very buoyant at present with large volumes and backlog of work at both State and Local Government levels prevalent.

It should also be noted that the 18/19 budget has approximately $4.5 million uncontracted works that will be procured by either open or select tender.

**Summary and Conclusion**

The recommended procurement strategy is to seek a waiver to obtain a direct quote from BluBuilt Constructions Pty Ltd for Stage 2 civil works construction and that the Chief Executive Officer be authorised to negotiate and enter into an agreement, subject to all transparency, accountability and probity matters being undertaken in satisfaction of standard Request for Quote requirements.

**ATTACHMENTS OR OTHER SUPPORTING REFERENCES**

Nil.

**COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS**

Community Plan

- Infrastructure

3.1 Develop and implement sound asset management which delivers sustainable services.

**FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS**

The total FY17/18 budget for Stage 2 civil construction works, including asphalt works, contingency and project management costs, is $2,262,932.
Should Council award these works to BluBuilt Constructions Pty Ltd there is a risk with separating works in that it may expose Council to extension of time claims from BluBuilt. This risk is mitigated by having a senior project co-ordinator on-site as superintendent for the in-house work.

**COMMUNITY CONSULTATION**
The contractor is currently responsible for advising the community of upcoming works and letter dropping in advance.

3. **CONFIDENTIAL AGENDA**
Nil

4. **NEXT MEETING**
Tuesday 17 July 2018 at 9.00am

5. **CLOSURE OF MEETING**
Mayor Sloane declared the meeting closed at 5.29pm.

Confirmed at Council Meeting – Tuesday 17 July 2018

Date:........................................ Mayor:.................................